

DEPARTMENT OF THE TREASURY

Increase of Resources of International Development Association
(Official Use Only)

Treasury Acting Assistant Secretary John C. Bullitt, together with Ambassador Leddy and Seymour Rubin, participated in a meeting at the French Finance Ministry with representatives of France, Germany, Italy, the United Kingdom and the IBRD to discuss the question of the increase in the resources of the International Development Association.

The IBRD representative presented the reasons for supporting an increase of \$2.5 billion over a five-year period.

The U.S. representatives presented our views in support of such an increase and the reasons for meeting that increase by raising substantially the share of the present subscriptions of the Common Market Six and reducing the U.S. share to equal the Six.

The meeting was exploratory and, as expected, was devoted mainly to laying the groundwork for further consideration of the different views of the participants.

Another meeting of the same group is scheduled for December 6.

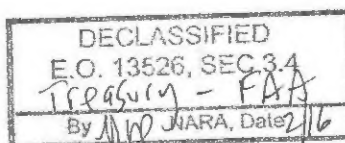
Reuss Committee Hearings and Studies on Balance of Payments
(Unclassified)

The Sub-Committee on International Exchange and Payments of the Joint Economic Committee, chaired by Representative Reuss, is scheduling hearings on the balance of payments problem for December 12, 13 and 14, and has invited Under Secretary Roosa to testify.

Chairman Reuss announced these hearings on November 18 in releasing to the press studies prepared for the Committee by eight economists on "Factors Affecting the United States Balance of Payments".

His statement to the press on that occasion stressed:

- (1) The declining U.S. share in world exports of manufactured goods since 1952, mainly as a result of loss of competitive advantage; and



- (2) The necessity of reversing U.S. gold losses through measures to stimulate economic growth rather than through policies of high interest rates and domestic economic restriction.

Financing Operations (Unclassified)

Six-month Treasury bills auctioned Monday, November 26, were increased by \$200 million. This is the second weekly increase of this amount following twenty-four weeks of \$100 million increases which were initiated in early June.

Loan Authorizations (Official Use Only)

It is anticipated that the following loan authorizations will shortly be announced:

Export-Import Bank:

- ✓ Euratom - \$16.25 million to finance the U.S. costs of a nuclear power plant in France to provide electric power for France and Belgium. This allocation will be the first to be made under an agreement with Euratom in 1959 providing a total line of credit of \$135 million.
- Uruguay - \$5 million to finance U.S. equipment for private industries.

International Bank:

- Nigeria - \$13.5 million in various currencies for improvement of wharves in the port of Lagos. Procurement will be on the basis of international competitive bidding.

Inter-American Development Bank:

- ✓ Argentina - \$30 million Social Progress Trust Fund loan for low-cost housing. The loan funds will be used primarily for financing local costs, the dollars accruing to the Argentine monetary authorities.

Important Watch Smuggler Convicted at New York (Unclassified)

Max Blum, for years a major suspect in the smuggling of watches and watch movements into this country, was found guilty in Federal Court for the Eastern District of New York on 2 counts of a 5-count indictment charging facilitating and transporting smuggled watches.

This prosecution was the result of the seizure of a large number of watches which were not legally marked. The jury found Blum guilty even though the Government was unable to establish the exact time and place where the watches were illegally brought into the country. Smuggling was established in an indirect way by showing that no watches identical to those seized from the defendant had been legally imported in previous years. This is the first conviction of this nature and it may establish a precedent.

Presidential Motorcade in Springfield (Unclassified)

In Springfield, Illinois on October 19, the Presidential motorcade had passed a point in a downtown area, and was due to return within about 30 minutes. A few minutes after the motorcade passed, an employee of the Illinois Department of Public Safety saw a rifle barrel with telescopic sight protruding from a second-story window. The local police took into custody and delivered to Special Agents of the Secret Service Thomas William Stone, 20, and his brother-in-law, William Francis Cisco, 16. A .22 caliber semi-automatic rifle and a full box of .22 long rifle ammunition was seized. Stone and Cisco admitted pointing the gun out the window on the parade route. However, they claimed that they had merely been testing the power of the telescopic sight to determine if it would be worthwhile to remove it in order to get a better look at the President when the motorcade returned. As there was no evidence to the contrary, and neither of the men had any previous record, prosecution was declined.